



PRESS RELEASE

House National Security Committee

Floyd D. Spence, Chairman

FOR IMMEDIATE RELEASE

June 12, 1997

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SUMMARY OF MAJOR PROVISIONS

NATIONAL DEFENSE AUTHORIZATION ACT

FOR FISCAL YEAR 1998

AS REPORTED BY THE
HOUSE NATIONAL SECURITY COMMITTEE

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NATIONAL SECURITY COMMITTEE PUTS BALANCE BACK IN DEFENSE PRIORITIES

Last night, the House National Security committee reported H.R. 1119, the Fiscal Year 1998 National Defense Authorization Act, out of committee on a strong, bipartisan 51 to 3 vote. Upon final passage, committee Chairman Floyd Spence (R-SC) issued the following statement:

“I am pleased that the committee has once again reported the annual defense authorization bill out of committee with strong, bipartisan support.

“Over the past several years, the committee has placed great emphasis on expanding quality of life initiatives, addressing readiness shortfalls and enhancing modernization programs. Unfortunately, high operational and personnel tempos and declining resources continue to throw these priorities out of whack.

“This bill maintains the committee’s long-standing sense of urgency over restoring a proper balance among readiness, quality of life, modernization, innovation, and reform. The committee will continue to make tough choices in an effort to manage many risk related and increasingly serious problems affecting the military services.”

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The committee used the fiscal year 1998 defense spending recommendation contained in the balanced budget agreement (Concurrent Resolution on the Budget for Fiscal Year 1998 (H.Con.Res. 84)) as the funding level for H.R. 1119 – \$268.2 billion in budget authority and \$266 billion in outlays.



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QUALITY OF LIFE IS READINESS

Those who serve are the heart and soul of America's all-volunteer military. In order to attract and retain the best and brightest to military service, the nation must provide them with a standard of living that is commensurate with the sacrifices that they are asked to make for their country. Unfortunately, the results of a comprehensive, seven-month review of military readiness found the decline in military quality of life is approaching a state of crisis.

The report by House National Security Committee Chairman Floyd Spence, Military Readiness 1997: Rhetoric and Reality, is the result of interviews by committee staff with hundreds of officers, enlisted personnel, and family members at more than two dozen military installations and over 50 units in all the services in the U.S. and Europe. Across the board, the message was the same: the combination of poor pay and benefits, reduced healthcare, inadequate housing, longer family separations, and dramatically increased workload due to increased operations and personnel shortages have created an atmosphere that is driving quality personnel out of military service.

In response to many of these readiness and quality of life concerns, the committee took actions across many titles of the bill that will send a clear message to the soldiers, sailors, airmen, and Marines in the field that people do come first and that readiness is a high priority.

Pay and Allowances. Following an encouraging fiscal year 1997 budget request, which for the first time in four years included a pay raise that kept pace with inflation, the committee is disappointed that the President's budget request for fiscal year 1998 reverted to the "by law" formula – one-half of one percent below the Employment Cost Index (ECI). This formula ensures that the gap between military and civilian pay will continue to grow from 13.5 percent in fiscal year 1998 to over 15 percent in 2001. The committee is also concerned that servicemembers routinely experience a loss of income when they deploy or participate in training exercises. To address these issues, the committee recommends a number of provisions designed to close the pay gap, reduce out-of-pocket expenses, protect income levels of servicemembers participating in exercises, and retain quality people:

- **Basic Military Pay Increase.** The committee recommends a 2.8 percent military pay raise;
- **Employment Cost Index (ECI).** In an effort to freeze the "pay gap" between military and civilian levels, the committee recommends a provision that would require military pay raises to be independently calculated according to the ECI. This will ensure that the President's future budgets will at least provide servicemembers with pay increases that keep up with those of the private sector;

- **Stabilizing Servicemembers' Pay.** The committee is concerned that the military pay system causes families to experience significant reductions in income when servicemembers participate in training exercises at home station or when deployed. To remedy this situation, the committee mandates that a servicemember's total compensation cannot be reduced when assigned to duty away from the member's permanent duty station or while assigned to duty under field conditions at the member's home station. The committee recommends \$50 million to pay for this provision;
- **Consolidation of Housing Allowances.** For the second year in a row, the budget request failed to keep the Secretary of Defense's promise to continue a six-year program to reduce out-of-pocket housing costs to the established standard of 15 percent. Therefore, the committee recommends \$35 million to continue the process of incrementally reducing out-of-pocket housing costs.

The committee is also concerned that the current housing allowance system, which consists of Basic Allowance for Quarters (BAQ), and Variable Housing Allowance (VHA), and is based on servicemember expenditures, is inefficient and inequitable. Accordingly, the committee recommends that BAQ and VHA be consolidated into a non-taxable allowance that is based on the cost of adequate housing for civilians with comparable income levels residing in the same area. Under this system, the annual growth in housing allowance will be indexed to increases in the national average monthly cost of housing. Additionally, the committee recommends that the authorities for overseas housing allowances and family separation housing allowances be incorporated into a single, easy to administer authority. Finally, a new rate protection provision in overseas allowances will protect servicemembers from reductions that are not attributable to fluctuations in foreign currency rates so long as the servicemember's housing costs have not been reduced;

- **Basic Allowance for Subsistence (BAS).** BAS is a cash allowance provided to defray the cost of a servicemembers' food when government meals are not provided. Currently, BAS is terminated when an enlisted servicemember is deployed under field conditions or is assigned to sea duty. Although this fulfills the intent of the allowance, it also has the effect of reducing the incomes of personnel when they are deployed. Such a reduction is particularly damaging for enlisted personnel with families, whose expenses remain nearly the same whether or not their family servicemember is at home. Therefore, the committee recommends that the Secretary of Defense be authorized to pay BAS when government meals are provided and to determine when to charge members for meals, depending on the circumstances. This flexibility in BAS will allow the Secretary of Defense to maintain income levels for deployed servicemembers, restore equity in compensation between different groups of deployed forces, and manage compensation programs more efficiently. The committee is also concerned about the growing disparity between BAS and actual food costs and recommends that future growth in BAS be based on growth in the cost of food instead of increases in basic pay;

- **Family Separation Allowance.** The family separation allowance is paid to married servicemembers who are on duty at locations where their family members cannot accompany them. It is paid anytime they are separated from their family for 30 consecutive days or more. In recognition that military families are under additional stress in today's high operational tempo military, the committee recommends that the family separation allowance be increased from \$75 to \$100 per month;
- **Special Duty Pay for Hardship Duty Locations.** Under the current deployment compensation system, the Department of Defense (DOD) has limited options for compensating servicemembers serving in places that are less desirable or safe than others. Furthermore, DOD is currently unable to recognize the additional sacrifices associated with accepting multiple deployments over the course of a military career. In an effort to give DOD additional flexibility to deal with such issues, the committee recommends establishing a new special duty pay for servicemembers serving at locations that present quality of life hardships. The special duty pay will vary, at the discretion of the Secretary of Defense, according to location, grade, years of service, and other factors, although the maximum amount of hardship duty pay is \$300 per month. It is the committee's intention that this new duty pay, in concert with the flexibility of the new BAS system, will provide the Secretary of Defense with the tools necessary to ensure that servicemembers are compensated in a fair and equitable manner for their sacrifices; and
- **Hazardous Duty Incentive Pay.** The committee recommends \$33.6 million to increase hazardous duty compensation for a wide range of hazardous duties including parachute jumping, aerial flight, explosives demolition, and aircraft carrier flight deck duties.

Military Construction. The President's fiscal year 1998 budget request seriously underfunds military construction accounts. In fact, the President's \$8.4 billion request for military construction and military family housing programs is 16 percent less than current spending levels. The committee is particularly concerned by critical deficiencies in military infrastructure, especially in housing and in other facilities that support quality of life for military personnel. According to the Defense Science Board, approximately two-thirds of DOD's housing is classified as inadequate, and, according to a recent survey, 92 percent of family housing units in Europe are considered inadequate by command officials. In light of these facts, the committee is committed to improving military infrastructure with a special emphasis on quality of life improvements.

Therefore, the committee recommends \$9.1 billion (\$750 million more than the President's request) for military construction. Over 60 percent (\$472 million) of the increase is dedicated to quality of life enhancements. Specific military construction initiatives include:

- **Family Housing.** The committee is particularly concerned by shortfalls in the President's budget request for family housing. The President requested \$680 million for construction and improvement of military family housing units, representing a 32 percent reduction from current spending levels.

The committee recommends \$949.7 million (39 percent more than the President's request) for construction and improvement of military family housing units. These totals include:

- \$200 million (\$57 million more than the President's request) for Army housing construction and improvements;
 - \$401 million (\$122 million more than the President's request) for Navy and Marine Corps housing construction and improvements; and
 - \$341 million (\$88 million more than the President's request) for Air Force housing construction and improvements.
- **Troop Housing.** The committee recommends \$753 million (\$117 million more than the President's request) for the construction of 48 (11 more than the President's request) new barracks and dormitories within the United States and to support troops deployed abroad;
 - **Child Development Centers.** The committee recommends \$28 million for 6 child development centers (\$21 million and four child development centers more than the President's request);
 - **Education and Training.** The committee recommends \$49 million (\$34 million more than the President's request) for construction that will enhance troop education and training; and
 - **Public and Installation Safety Initiative.** The committee is concerned that antiquated fire protection and fire training facilities could prevent installation commanders from effectively responding to threats to public safety and critical military facilities. Accordingly, the committee authorizes \$37 million (\$26 million more than the President's request) for improvements at five installations to enhance basic public safety.

Healthcare. For the second year in a row, the President's budget significantly underfunded the Defense Health Plan (DHP), this time by between \$424 million and \$471 million, according to the General Accounting Office (GAO). The Administration's recent admission that it underfunded the DHP is another indication that it lacks commitment to one of the top quality of life programs for servicemembers and their families. In an effort to correct the Administration's failure to support the health program, the committee restores \$274 million to the program. In addition, the committee recommends the following provisions to ensure the availability of quality medical care for military beneficiaries:

- **Expansion of TRICARE Prime.** The committee directs the Secretary of Defense to prepare a plan to expand the HMO option of TRICARE – TRICARE Prime – into areas outside the 40-mile radius of military medical treatment facilities. This will provide military beneficiaries with greater access to less expensive healthcare;

- **CHAMPUS as a Second-Payer to other Health Insurance.** The committee urges the Secretary of Defense to reevaluate its recently-revised policy on the way in which CHAMPUS provides reimbursement for healthcare services after other insurers have paid their share of the service coverage. As a result of the policy change, CHAMPUS now pays very little of the remaining costs to beneficiaries not covered by other health insurance. The committee is concerned that this change represents a further erosion in benefits provided to servicemembers and their families;
- **TRICARE Program.** The committee recommends a number of actions designed to make TRICARE more appealing for healthcare providers to participate in the program. The committee is concerned that some administrative requirements placed on program providers, coupled with low provider reimbursement rates for certain services, may be restricting beneficiary access to quality healthcare providers; and
- **Mail Order Pharmaceuticals.** The Department of Defense currently offers a mail-order pharmacy program to Medicare-eligible beneficiaries who live in areas affected by base closures. While this program benefits many military beneficiaries, it does not help the large numbers of Medicare-eligible retirees who live in non-base closure areas that do not have military treatment facilities. The committee is concerned that these beneficiaries either must drive long distances to the nearest military medical treatment facility to receive their prescription drugs, or they must pay full retail prices to fill their prescriptions. As Medicare generally does not provide a pharmacy benefit, extending the current mail-order pharmacy program to all Medicare-eligible beneficiaries would fill a significant gap in the medical coverage of these beneficiaries. Accordingly, the committee recommends a provision that would require the Secretary of Defense to evaluate the feasibility, advisability, and cost of extending the current mail-order pharmacy program to all Medicare-eligible military beneficiaries who do not reside near military medical treatment facilities.

Morale, Welfare, and Recreation (MWR) MWR programs make a tangible difference in the quality of life for American servicemembers. The military resale system, in particular, is a vital part of maintaining servicemembers' quality of life, as well as force readiness. Commissaries, exchanges, and the services' MWR programs offer military families affordable places to shop, exercise, relax, and spend their off-duty hours. The committee bill reflects two overriding goals: first, protecting these critical benefits for our military personnel and their families, and second, ensuring that these benefits are delivered in as cost effective and efficient a manner as possible.

- **Commissary Merchandise and Pricing Requirements.** In an effort to improve congressional oversight over the commissary system, the committee recommends two provisions that would:
 - fix the surcharge on products sold at commissaries at the current five percent level and require congressional authorization for DOD to change the surcharge on items sold in commissaries; and

- require DOD to submit advance written notice to Congress before making a change in pricing policies or categories of merchandise sold at commissaries. A waiting period of 90 legislative days would be required following such notice before any pricing change or change in merchandise category would be implemented.

Protecting Military Leave for Federally-Employed Civilian Reservists. The committee rejects the President's proposal to prohibit federally-employed civilian reservists from taking penalty-free leave to serve their annual two-week military training period. The committee believes that such an action would penalize members of the federal workforce who go above and beyond the call of duty by serving this nation as both civilians and as members of our volunteer force. This Presidential initiative would also send a dubious message to the employers of America that reservists do not deserve any special consideration. In addition to rejecting the President's policy request, the committee recommends restoring \$85 million to the reserve component military personnel accounts (\$85 million is the amount that the President sought to "save" when he presumed Congress would agree with his policy change). To help address this shortfall, the committee reduced the President's request in the following areas:

- \$1.7 million from the Youth Conservation Corps;
- \$2 million from Starbase (for an authorization of \$2 million); and
- \$8 million from the Civil-Military Innovative Readiness Training Program (for an authorization of \$8 million).
- \$2 million from funding for reserve support to the commanders-in-chief of the combatant commands (for a total authorization of \$4 million); and
- \$13 million from personnel accounts of the DOD-directed reserve component support to the total force program (for a total authorization of \$7 million).

Termination of the Ready Reserve Mobilization Program. During the Persian Gulf War, approximately one-half of the reservists called to duty reported a loss of income while they served. To protect reservists against such losses in the future, the Secretary of Defense's proposal for a voluntary mobilization income insurance was enacted into law in the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106). Unfortunately, low participation combined with the untimely call-up of reservists for operations in Bosnia (which coincided with an enrollment period) bankrupted the program and left an unfunded liability of \$72 million. Recently, the DOD Inspector General and GAO reported that the program is actuarially unsound. As the committee does not believe it is practical to modify the current program to correct its structural faults, it recommends terminating the ready reserve mobilization income insurance program and fulfilling all benefit payments that are due. By terminating the program, the committee recognizes that many reservists will experience financial hardships when they are called to active duty, and it remains receptive to new legislative proposals from the Secretary of Defense.

Impact Aid. In an all-volunteer military that is 65 percent married, the committee believes that providing for quality education for all children of military families is a priority. The Department of Education Impact Aid program provides supplementary funds to school districts nationwide to support the education of nearly 550,000 military children. While the committee believes that assistance to local educational agencies is more properly funded through the Department of Education, it also recognizes that Impact Aid funding has been eroded by both inflation and spending reductions in recent years. Therefore, the committee recommends \$35 million (the President did not request any funding) to continue DOD's contribution to educational assistance to local educational agencies.

READINESS REALITIES

Two years ago, indications of a long-term systemic readiness problem became evident. Subsequent investigations (culminating in the aforementioned report: Military Readiness 1997: Rhetoric and Reality) indicated that declining defense budgets, a smaller force structure, fewer personnel and aging equipment, all in an environment of a higher pace of operations, is stretching U.S. forces to the breaking point.

As the Administration completed its work on the Quadrennial Defense Review (QDR), Chairman Spence, in his report, stressed the importance of heeding the warnings of a readiness problem and that “deeper cuts in the services’ endstrength and force structure in the absence of a significant scaling back of operational requirements will ensure a return to a hollow military.” Nevertheless, the QDR has recommended additional end-strength cuts while affirming an expansive military strategy.

The competition between limited resources and expanding missions has already squeezed the defense budget to the point at which military commanders are forced to make unenviable tradeoffs between maintaining unit readiness, funding modernization shortfalls, or addressing quality of life initiatives. This crisis-management approach to readiness is short-sighted and risks the viability of our high quality, all-volunteer force.

In a number of the committee’s readiness hearings this year, witnesses testified that while the military may be ready to fight today, it may not be ready tomorrow. In addressing a range of readiness concerns identified by military personnel out in the field, the committee took several actions to ensure that U.S. forces are ready for the 21st Century:

Operations and Maintenance (O&M) Funding. The President’s request for O&M lends the impression of a funding increase of \$3.5 billion over current spending levels, when, in fact, much of the so-called “increase” is additional funding for Bosnia and other peacekeeping and humanitarian operations. Since having to pay the higher costs of such operations does little to actually increase readiness, the committee recommends the following funding levels for key readiness accounts:

- \$6.788 billion (\$515 million more than the President’s request) for depot maintenance to reduce backlogs in the active and reserve components;
- \$4.292 billion (\$200 million more than the President’s request) for real property maintenance (RPM) to address the growing maintenance backlog for facilities, including barracks, dormitories, critical health and safety deficiencies, and mission critical operational deficiencies; and

- \$25 million (the President did not request any funds) for mobility enhancements, including investments in runway ramps, storage/loading facilities and equipment, and other items that will allow U.S. forces to deploy more rapidly and efficiently.

Committee Oversight of Readiness Accounts. The committee has long-standing concerns over the extent to which funds appropriated for training, maintenance, and other key readiness accounts are diverted to pay for deficiencies elsewhere in O&M accounts. Nowhere has this trend been more evident than in the transferring of funds to pay for the growing costs of the Bosnia operations over the past several years. To enhance congressional oversight of DOD readiness accounts, the committee recommends provisions that would require the Secretary of Defense to:

- notify Congress prior to reallocating funds between O&M accounts in excess of \$10 million per account, and to follow procedures currently used when transferring funds between appropriations accounts;
- report to Congress quarterly on how the funds in the O&M budget are being expended; and
- report quarterly on transfers from high-priority readiness accounts. This provision would expand the existing list of high-priority readiness accounts to include such accounts as Base Operations and Real Property Maintenance.

Active Duty Endstrengths. The committee believes that the President's military personnel budget request is inadequate to provide the forces needed to carry out the current national military strategy, support the current operations tempo, and provide a decent quality of life. Furthermore, the committee does not agree with the preliminary conclusion of the QDR that an even more expansive military strategy can be executed with tens of thousands less people. To the extent that the QDR does recognize the burdens of peacekeeping and humanitarian operations, the QDR endstrength recommendations are disconcerting. The active duty endstrength floors established by the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106) were the minimum necessary to carry out the essential component of the current and future national military strategy: winning two nearly simultaneous major regional contingencies – now known as major theater wars (MTWs). The committee believes that there should not be significant manpower reductions until the two-MTW requirement changes. Further exacerbating endstrength pressures is the fact that neither manpower requirements, nor the intensity, duration, frequency, and number of peacekeeping and humanitarian missions were factors in establishing the endstrengths in the BUR, nor do they appear to have been a factor in determining endstrength requirements in the QDR. Therefore, the committee maintains the endstrength floors as established in 1996 and mandates active duty endstrength levels as follows:

Fiscal Year 1998 Endstrength - Active Forces

<i>Service</i>	<i>FY 1997 Level</i>	<i>FY 1998 Request</i>	<i>FY 1998 Recommendation</i>	<i>Change from FY 1998 Request</i>	<i>Change from 1997 Level</i>
Army	495,000	495,000	495,000	0	0
Navy	402,013	390,802	395,000	4,198	-7,013
Marine Corps	174,000	174,000	174,000	0	0
Air Force	381,087	371,577	381,000	9,423	-87
Total	1,452,100	1,431,379	1,445,000	13,621	-7,100

Selected Reserve Endstrengths. The following table represents the endstrength recommendations for the Selective Reserve:

Fiscal Year 1998 Endstrength - Selected Reserve

<i>Service</i>	<i>FY 1997 Level</i>	<i>FY 1998 Request</i>	<i>FY 1998 Recommendation</i>	<i>Change from FY 1998 Request</i>	<i>Change from 1997 Level</i>
ARNG	366,758	366,516	366,516	0	-242
USAR	215,254	208,000	208,000	0	-7,254
USNR	95,898	94,294	94,294	0	-1,604
USMCR	42,000	42,000	42,000	0	0
ANG	109,178	107,377	107,377	0	-1,801
ASAFR	73,311	73,431	73,431	0	120
USCGR	8,000	8,000	8,000	0	0
Total	910,399	899,618	899,618	0	-10,781

Individual Ready Reserve (IRR) Activation Authority. During times other than war or national emergency, the President may involuntarily recall units of the Selective Reserve to active duty for up to 270 days (for a maximum of 200,000 reservists). Under current law, this authority cannot be used to recall members of the IRR. During the Gulf War, this restriction compelled the mobilization of elements of late-deploying Selective Reserve units in order to fill personnel shortfalls in early deploying units, and caused significant readiness problems for the late deploying units. Accordingly, the committee recommends the establishment of a new category of IRR where individuals may be recalled to fill any unforeseen gap in recalled units. This category would consist of personnel with specialized military skills, who had volunteered prior to leaving active duty to become part of this new IRR category. The President would have the authority to recall up to 30,000 members of this new IRR category.

Recruiting Challenges. One of DOD's most difficult challenges continues to be recruiting sufficient numbers of high-caliber men and women to serve in the military, and then retaining them through Basic Training. The committee is concerned by the Army's inability to meet its goals in the last recruiting cycle, as well as its decision to lower its goals for percentage of recruits with high-school degrees. Furthermore, the committee believes that the other services will soon face similar challenges and will be forced to lower their recruiting quality standards to maintain their force levels in the future. In an effort to address these problems, the committee makes the following recommendations:

- **Recruiting Advertising.** The committee recognizes the value of advertising to the recruiting efforts of the services. As such, the committee recommends \$ 22.9 million more than the President's request, the amount the service chiefs told the committee they needed. The increase is as follows: Army, \$7 million; Navy, \$7 million; Air Force, \$4.5 million; Marine Corps, \$4.4 million.
- **Reforming the Military Recruiting Systems.** An unfortunate fact is that far too many recruits fail to complete their initial period of service. For the sake of both the services and potential recruits, it is important that each of the services reform its recruiting system to reduce the attrition rate of its recruits while improving their quality. Therefore, the committee recommends a provision that would direct the Secretary of Defense to undertake a series of department-wide reforms including: improving the military's understanding of reasons that recruits drop-out of training, encouraging recruiters to improve screenings of prospective recruits, and assessing trends in the use of waivers to permit enlistment of persons with disqualifying conditions.
- **Improving Medical Prescreening.** A recent GAO study into the reasons that military personnel drop-out during their first term of enlistment revealed that attrition rates could be reduced through better medical prescreening of applicants for military service. The committee agrees with the review's findings, and recommends a provision that would direct the Secretary of Defense to reform the screening process to more effectively evaluate potential recruits for medical fitness.
- **Improving Recruit Physical Fitness.** The committee is concerned that recruits are arriving at basic training with less-than-acceptable physical fitness levels. Not only does this increase the risk of injury to the recruit, but it reduces the value of the basic training experience. The committee recommends a provision that would require the Secretary of Defense to use incentives to encourage new recruits to improve their fitness levels prior to the start of basic training. The provision would also allow recruits to use military fitness facilities for training purposes as well as military medical facilities if they should be injured during supervised conditioning activities.
- **Evaluating Basic Training.** A number of factors indicate that the services' basic training programs are not producing graduates with high levels of physical fitness, basic military skills, and discipline who are ready to serve in today's military. The committee recommends a provision that would require the Secretary of Defense to establish a panel to review the basic training programs of each

of the services, and to recommend improvements to each. In addition, the panel will evaluate the basic training policies for each of the military services with regards to gender-integration and report to Congress within one year of the panel's establishment on recommendations for changing or improving the current systems.

Reforming Army Drill Sergeant Selection and Training. The committee believes that drill sergeants perform one of the most crucial, and difficult, missions in the Army. As such, the standards for entrance into and graduation from drill sergeant training should be rigorous. Therefore, the committee recommends a provision that would require the Secretary of the Army to institute a number of reforms to Army drill sergeant selection and training, including: requiring psychological screening of all drill sergeant candidates, providing drill sergeant trainees the opportunity to work with actual recruits in initial entry training, and revising the drill sergeant trainee evaluation system to include "whole person" evaluations. The provision would require the Army Secretary to report to Congress by March 31, 1998, on any reforms initiated.

Flying Hour Shortfalls. The committee is alarmed by recent reports of significant shortfalls in the Navy and Air Force flying hour programs. For fiscal year 1997, the Navy is reporting a shortfall of \$107 million and the Air Force is reporting a shortfall of \$171 million. The Secretary of Defense also recently informed the committee that the fiscal year 1998 budget request underfunds the Navy's flying hour program by \$350 million and the Air Force program by \$200 million. This trend raises serious questions about the validity of the services' budgeting and planning system, which appears to be consciously or unconsciously underestimating the costs of flying operations. Therefore, the committee directs the Navy and Air Force Secretaries to review their current and future years active and reserve component flying hour programs and to report to Congress on plans to correct these budgetary errors.

National Guard and Reserve Construction. The committee authorizes \$327 million (\$154 million more than the President's request) for construction requirements to enhance the training and readiness of the National Guard and reserves.

Training Ammunition. During the committee's review of military readiness, numerous interviews with military personnel revealed that each of the services are experiencing shortfalls in their stocks of training ammunition. In some instances, these shortfalls have forced the services to use war reserve ammunition for training purposes. Accordingly, the committee recommends \$57.6 million more than the President's request for procurement of sufficient training ammunition to ensure that military personnel are able to maintain an adequate level of readiness and, in some cases, the minimum level of training.

Operation of the National Training Center (NTC). The NTC is the only U.S.-based training facility at which Army maneuver units can train against a dedicated force in an environment that closely resembles high-intensity combat. As such, the committee is very concerned by the Army's proposal to change the manner in which it funds its NTC rotations. Currently, the Army funds the operation of the pre-positioned

fleet of equipment at the NTC out of a central account. Starting in fiscal year 1998, units training at the NTC would have to pay for the use of pre-positioned equipment out of funds provided for home station training. The committee believes that this policy change would diminish home station training, adversely affecting the ability of units to reach desired proficiency levels, and, ultimately, degrading the NTC training experience. Accordingly, the committee rejects the Army's policy change and recommends an increase of \$60.2 million in Army O&M funding in order to pay for the costs associated with the operation of the NTC pre-positioned equipment.

Military Occupational Specialties (MOS) Consolidations. The committee is concerned that DOD's practice of eliminating and consolidating MOSs in order to downsize and save money is causing skill shortages and imbalances, particularly in maintenance fields. The Spence report on military readiness found that MOS consolidations have damaged the ability of many units to maintain their equipment to standard. The committee directs the Secretary of Defense to report to Congress by March 1, 1998, on the extent to which eliminations and consolidations of MOSs have occurred, their impact on readiness, and any recommendations or actions planned to address the committee's concerns.

Expanding the Scope of Quarterly Readiness Reports. The committee continues to be concerned by the disparity between official readiness reports and the reality of readiness as evident out in the field. Personnel from all services and their spouses continue to express significant concerns over many issues affecting readiness, including an increased pace of operations, decreased quality and quantity of combat training opportunities, impact of peacekeeping operations, effects of undermanning, eroding quality of life, and increasing use of training funds for other purposes. None of these factors are measured by the current Status of Resources and Training System (SORTS) – the foundation for today's senior level readiness assessments.

More than three years ago, at the request of the committee, GAO conducted a review of the adequacy of SORTS and provided a list of 29 specific readiness categories that commanders identified as critical but that were not included in SORTS. The committee is disappointed that DOD has not moved more rapidly to incorporate these recommendations into official readiness reports. Therefore, in order to encourage more comprehensive and accurate accounting of the current state of readiness, the committee directs DOD to incorporate the following into its quarterly readiness reports:

- personnel issues, including individual personnel status, personnel trends, recruit quality, borrowed manpower, personnel stability, morale, medical readiness, and recruiting shortfalls;
- training unit issues, including unit readiness and proficiency, operations tempo, training funding, and training commitments and deployments; and
- logistics data – including equipment availability and age, and maintenance backlogs.

The provision also would require DOD to report on all units at the battalion or squadron equivalent level that reported an overall readiness rating of C-3 or lower (a degraded readiness posture) during the reporting period.

Chairman, Joint Chiefs of Staff (CJCS) Exercise Program. The committee is concerned that the number of exercises under the CJCS Exercise Program is exceeding the ability of the services and units to meet those requirements in an already high paced operational tempo environment. Exacerbating the committee's concerns are reports that many of the exercises have minimal joint training value. A June 1995 GAO report revealed that 75 percent of the CJCS exercises conducted in 1995 were conducted for reasons other than training, such as a show of military presence in a region or to foster relationships with other nations. Accordingly, the committee recommends \$359 million for the CJCS exercise program (\$50 million less than the President's request) and directs the Secretary of Defense to report to Congress by February 16, 1998, on both past and planned joint training exercises sponsored by the CJCS Exercise Program and the Partnership for Peace program. The report must include the type, description, duration, objectives, percentage of service-unique training accomplished, and an assessment of the training value of each exercise. This information on the CJCS exercise program will provide Congress with valuable information to assess the Exercise Program's overall impact on operational tempo, training and readiness.

Personal Equipment/Initial Issue. The committee recognizes the importance of continuing to provide individual Marines with modernized equipment. As such, the committee supports the Marine Corps' efforts to field the Marine Load System and the much-needed upgraded body armor. Both the load system and the body armor are part of an integrated system that will provide Marines with personal equipment that will enhance both their survivability and their ability to sustain themselves during combat operations. The load system includes a vest and a pack that can be individually tailored to the requirements of the specific mission. The body armor is part of this integrated system, and, like the load system, can also be modified depending upon mission demands. The committee recommends \$20 million (the President did not request initial issue funds) to continue efforts to provide individual Marines with the best modernized individual equipment available.

BUILDING TOMORROW'S MILITARY

There has been a vigorous debate over the past several years concerning the adequacy of the Administration's defense modernization budgets. Administration officials argued that a "holiday" in weapons procurement was justified due to the modernization efforts of the 1980s and because older weapons did not need as rapid replacement due to the drawdown in the size of the force. A 65-70 percent reduction in procurement spending since 1985 has jeopardized our military's technological edge that was so clearly demonstrated in the Persian Gulf War. Based upon the long lists of unfunded modernization requirements submitted to the committee by the service chiefs, this belief is not unfounded.

A primary focus of the Administration's recently released QDR is the nation's ability to "prepare now to meet the challenges of an uncertain future." Though the QDR acknowledges that the ability to prepare for the future requires a focused effort on modernization, the Administration's budget request for modernization fails to fund such an effort. This year's \$42.6 billion request for procurement represents a \$1.5 billion reduction from enacted fiscal year 1997 levels and is \$2.9 billion below the spending level forecast just last year for fiscal year 1998. This is the fourth consecutive year that the Administration has reduced the fiscal year 1998 procurement figure – by a cumulative total of \$14.5 billion – relative to its earlier projections.

Notwithstanding the Administration's failure to deal proactively with the deepening modernization problems, the committee – for the third consecutive year – has added funds to modernization accounts (\$3.7 billion to procurement for a total of \$46.3 billion, and \$1.3 billion to R&D for a total of \$37.3 billion). Once again, the committee looked to the service chiefs for advice on programs identified as unfunded requirements.

Ballistic Missile Defense (BMD)

Ballistic Missile Defense Organization (BMDO) Funding. The committee once again expressed its strong support for a BMD program aimed at fielding effective theater and national missile defenses to counter existing and emerging ballistic missile threats. Therefore, committee recommends \$3.8 billion for BMDO, approximately \$1.2 billion more than the President's request. This recommendation includes an increase of \$808.5 million and a transfer of \$384.6 million from the service procurement accounts to the BMDO procurement account. This transfer would re-establish BMDO as the executive agent for BMD procurement.

The committee also recommends that BMD procurement funding, which the Administration had shifted to the service procurement accounts, be moved back to BMDO. The committee believes that establishing BMDO as the executive agent for BMD procurement will protect those programs from budget pressures resulting from underfunded service modernization.

National Missile Defense (NMD). Continued global proliferation of ballistic missile and weapons of mass destruction technology, combined with growing concerns about the security of ballistic missiles in the former Soviet Union, make the early deployment of an NMD system a high priority. The Administration

recently admitted that it had underfunded NMD by \$2.3 billion over the next five years and \$474 million in fiscal year 1998 alone. This admission confirmed the committee's long-standing suspicion that the Administration had been underfunding its own "three-plus-three" NMD program (three years to develop and three years to decide whether or not to deploy) and vindicates the committee's decision to add NMD funding to the President's request in each of the past two years. Therefore, the committee recommends \$978.1 million for NMD, \$474 million more than the President's request.

Theater Missile Defense (TMD). The committee continues to support TMD. Although the Administration asserts that this year's budget request would accelerate TMD systems, the actual funding requested for TMD programs was reduced by nearly \$400 million from current spending levels. In fact, cuts were proposed in every TMD system under development. Accordingly, the committee recommends TMD funding in the following amounts:

- \$601.1 million for the Theater High Altitude Air Defense (THAAD) program, an increase of \$45 million;
- \$344.9 million for the Navy's Theater Wide program, an increase of \$150 million;
- \$289.8 million for the Navy Area Defense program, an increase of \$22 million; and
- \$216.1 million for research and development and \$219.4 million for procurement of the Patriot Advanced Capability-Configuration 3 (PAC-3), authorizing the President's request.

Cooperative Programs. The committee also supports cooperative international BMD programs and recommends \$123.1 million for these efforts. This includes \$48.7 million (\$10 million more than the President's request) for the U.S./Israel Arrow project, \$38.2 million for the Tactical High Energy Laser program (THEL; \$21.7 million more than the President's request), and \$30 million for Russian-American cooperative BMD projects (for which no funding was requested).

Aircraft

AV-8B Harrier. The Harrier will continue to be the Marine Corps' primary ground-support aircraft until it is replaced by the Joint Strike Fighter, and is one of the highest unfunded priorities of the Marine Corps. Therefore, the committee recommends \$310.7 million (\$33 million and one aircraft more than the President's request) to procure 12 remanufactured Harriers. In addition, the committee recommends \$62 million (the President did not request any funds) to procure 11 improved engines for the TAV-8B Harrier training aircraft, one of the Marine Corps' highest unfunded priorities.

E-2C Hawkeye. The committee recommends \$300.5 million (\$68 million and one aircraft more than the President's request) for four E-2Cs.

V-22 Osprey. The committee authorizes \$661.3 million (\$189.3 million and two aircraft more than the President's request) for seven V-22 aircraft. The Osprey will replace the Marine Corps' aging fleet of CH-46 helicopters as its primary means of transporting Marines and their equipment into combat by air.

T-45B Goshawk. The committee recommends \$344 million for 18 T-45 aircraft (\$100 million and six aircraft more than the President's request), the Navy's next generation jet pilot trainer.

Tactical Aircraft (TACAIR). Since the summer of 1996, the Subcommittees on Military Procurement and Research & Development have held several hearings to review TACAIR modernization. According to DOD, TACAIR of the future will consist of three major programs: the F/A-18E/F Super Hornet, which is now in low-rate initial production; the F-22 Raptor, whose prototype was unveiled in April, 1997; and the Joint Strike Fighter (JSF), which is still in the design stage. Although the committee strongly supports modernization of the rapidly aging U.S. aviation fleet, the long-term costs associated with DOD's modernization plan are staggering. According to the Congressional Budget Office (CBO), the total program cost of the three TACAIR programs in the President's budget will be well over \$350 billion, with annual production costs of \$14 billion to \$18 billion per year (before accounting for inflation), which would constitute 33 to 46 percent of today's total defense procurement budget. While the QDR recommended some reductions in the total number of aircraft that will be procured in the outyears, the committee believes that simply changing the procurement profiles a decade from now is not enough. Therefore, in an effort to more aggressively address the TACAIR problem, the committee recommends the following actions for the F/A-18E/F, the F-22 and the JSF:

- **F/A-18E/F Super Hornet.** The F/A-18E/F was designed to replace the recently retired A-6 and the fleet of F-14s and to supplement existing F/A-18C/Ds as the Navy's aviation strike aircraft. The committee recommends:
 - \$1.3 billion to procure an unspecified number of aircraft to continue operational evaluation (the President's budget included \$2.1 billion for 20 F/A-18E/F aircraft); and
 - \$153.3 million (\$114.2 million less than the President's request) for research and development of the F/A-18 E/F aircraft design.
- **F-22 Raptor.** The Air Force F-22 Raptor is the next-generation air superiority fighter – characterized by a stealthy, but highly maneuverable airframe, advanced avionics, and high aerodynamic performance. The committee supports the President's request for \$2.1 billion for research and development and supports funds for advanced procurement.
- **Joint Strike Fighter (JSF).** The JSF is planned to be an affordable, next-generation multi-role combat aircraft based on a common airframe and components for use by the Air Force, Navy, and Marine Corps. The recently-released QDR made only small changes to planned JSF production, recommending a small reduction (from 2,978 to 2,852) and a two year delay in reaching maximum production rate (from 2010 to 2012). The QDR also proposed a significant increase in Navy JSF

aircraft quantities. The committee believes that the JSF should be accelerated to meet Navy requirements as soon as possible and recommends:

- \$468.9 million for the Navy JSF development (\$20 million more than the President's request);
- \$431.1 million for Air Force JSF development (\$27 million less than the President's request); and
- cutting the entire \$23.9 million for JSF development in the Defense Advanced Research Projects Agency budget.

B-2 Spirit. The committee believes that the current fleet of 21 B-2 bombers is insufficient to meet the likely contingencies and crises of the next 30 to 40 years. Therefore, the committee authorizes \$505.3 million (\$331.2 million more than the President's request) to reestablish elements of the B-2 production line that have been shut down, for advance procurement (with the intention of producing a total of nine additional B-2s in future years), and for various support, training, and management costs.

Helicopters

OH-58D Armed Kiowa Warrior. The committee recommends \$175 million for 21 OH-58D Armed Kiowa Warriors (the President did not request any funds). Although the Army has enough Kiowa Warriors to meet most of its active duty requirements, there are still not enough helicopters for active component target acquisition and reconnaissance platoons, Force XXI needs, and Army National Guard units. These additional helicopters will maintain a viable fleet until the RAH-66 Comanche is fielded.

RAH-66 Comanche. The Comanche began development in 1982 to fulfill the Army's requirement for an armed reconnaissance helicopter. Recent warfighting experiments at the National Training Center validate the need for such a helicopter. The committee authorizes \$322 million (\$40 million more than the President's request) to accelerate Comanche development and production.

UH-60 Blackhawk. The committee recommends \$304.2 million (\$96 million and 12 helicopters more than the President's request) for a total of 30 UH-60 Blackhawks. These 12 additional aircraft are to be procured for the Army National Guard, of which three are to be configured as UH-60Q medical evacuation aircraft.

CH-47 Improved Cargo Helicopter. The committee recommends \$22.6 million (\$20 million more than the President's request) to upgrade existing CH-47 Chinook improved cargo helicopters, extending the system's life-span by 20 years and reducing operating costs by more than 22 percent.

Munitions

Precision-Guided Munitions (PGMs). As Desert Storm demonstrated, PGMs are critically important munitions that reduce the risk to our forces and increase the effectiveness of every weapons platform that carries them. Accordingly, the committee recommends the following:

- \$42.5 million (\$41 million more than the President's request) for 100 AGM-130 missiles – the F-15E's only 2000-pound weapon that can strike from outside point-defense range;
- \$18.8 million (the President did not request any funds) to modify Conventional Air Launched Cruise Missiles (CALCMs) that were converted from the Air Force's existing inventory of AGM-86B nuclear cruise missiles;
- \$68.6 million (\$33 million and 80 missiles more than the President's request) to modify 160 Standard Missiles to the improved Block III configuration.
- \$37.5 million (the President did not request any funds) for 700 Hellfire II missiles, an anti-armor and anti-ship weapon that the Navy and Marine Corps use on their SH-60B and AH-1W helicopters;
- \$98.8 million (\$39 million and 137 missiles more than the President's request) for the Navy and the Air Force to procure 250 Joint Stand Off Weapons (JSOWs); and
- \$59.1 million (\$17 million and 186 missiles more than the President's request) for 380 Javelin anti-tank missiles for the Marine Corps.

Naval Programs

CVN-77 and CV(X). The CVN-77 will serve as the transition ship from the Nimitz-class of nuclear aircraft carriers to the next-generation CV(X) aircraft carrier. Therefore, it is critical that the Navy use development of the CVN-77 to its maximum potential. In this bill, the committee has placed a priority on increasing research and development for the CVN-77 and reducing that for the CV(X). The committee recommends \$34.9 million (\$17 million more than the President's request) to evaluate advanced technologies for inclusion in the CVN-77 aircraft carrier while effectively deferring any R&D increase for CV(X) by recommending \$1.8 million (\$88.4 million less than the President's request).

LPD-18. The committee recommends \$185 million (the President did not request funds for the program) for advance procurement of the LPD-18, the second in the new class of amphibious ships. The Chief of Naval Operations listed the LPD-18 among his top unfunded procurement priorities for fiscal year 1998.

Arsenal Ship and SC-21. Although the Navy has attempted to integrate the Arsenal Ship maritime firepower demonstrator into the program for SC-21 – the next generation surface combatant – the committee believes that significant disconnects between the objectives and schedules of the two programs require a restructuring of the Arsenal Ship program. Therefore, the committee recommends no funding for the Arsenal Ship demonstrator in fiscal year 1998 (the President requested \$150.2 million) and directs the Navy to consider a prototyping strategy for the development of SC-21.

Naval Surface Fire Support. The committee strongly supports a naval surface fire support program that focuses on near term and future improvements in naval fire support systems. The committee recommends \$77.9 million (\$40.1 million more than the President's request) for the program. The increase includes:

- \$15.1 million to accelerate development and demonstration of the Extended Range Guided Projectile (ERGM);
- \$20 million for a naval variant of the Army Tactical Missile System (ATACMS); and
- \$5 million for the development of advanced microelectromechanical systems guidance and control technology.

New Attack Submarine (NAS). The President's request included a provision to allow the nation's two submarine-building shipyards to team together to build the first four NASs. The committee does not support this "teaming" proposal, favoring instead the competitive production plan approved by Congress in fiscal year 1996 in which each shipyard would each produce two of these for submarines. The committee denies this teaming proposal and also denies the request for multiyear procurement of the submarines. The committee is also concerned by the Navy's continued lack of commitment to incorporate new technologies in the first four NASs, and it included a provision that would withhold 50 percent of Seawolf funds appropriated for fiscal year 1998 until the Secretary of the Navy commits to funding at least half of these insertion opportunities.

Finally, the committee added \$103 million to pursue construction of a large scale demonstrator that is not limited by form (hull and appendages) or by a single hull design in order to further evaluate hydrodynamic shaping and advanced control surfaces.

Ground Weapons and Vehicles

High Mobility Multi-Purpose Wheeled Vehicle (HMMWV). The committee recommends \$104.9 million (\$38.7 million more than the President's request) to procure 1,134 HMMWVs, including 610 "Up-Armored" variants that provide increased blast protection for vehicle occupants. The "Up-Armored" variant's additional protection was responsible for saving the lives of soldiers whose vehicles were struck by mine blasts in Bosnia.

Heavy Equipment Transporter System (HETS). HETS is the Army's only truck capable of transporting the 70-ton M1A2 Abrams tank and other heavy equipment. The committee recommends \$45 million (the President did not request any funds) for 96 HETS for the Army National Guard.

Marine Corps Assault Vehicles. The committee recommends \$70.1 million (\$10 million more than the President's request) for continued development of the advanced amphibious assault vehicle (AAAV). The AAAV is a high water speed, amphibious, armored personnel carrier that will replace the Marine Corps' aging fleet of amphibious assault vehicles.

Light Strike Vehicle. The committee recommends \$5 million (the President did not request any funds) for development of a Light Strike Vehicle that may be transported on the CV-22 Osprey. This vehicle will provide mobility and firepower for Marine and Special Operations troops deployed to areas not accessible to other transports that can carry larger and heavier combat vehicles.

National Guard and Reserve Equipment. The committee recommends \$700.4 million (the President did not request any funds) for National Guard and Reserve Component modernization programs.

The committee also recommends the following for National Guard modernization programs funded elsewhere in the bill:

- **Bradley Fighting Vehicle Modifications.** Currently, both the Army and the Army National Guard (ARNG) rely upon the Bradley Fighting Vehicle as their primary infantry support vehicle. Although the Army is nearing completion of their program to upgrade their entire Bradley fleet, the ARNG continues to rely upon first-generation vehicles that, because of their lack of survivability, were not used in Operation Desert Storm and will never be taken into combat. Accordingly, the committee recommends \$120 million to upgrade 120 ARNG Bradley vehicles to combat-capable specifications (the President's request did not include any funds for upgrading ARNG vehicles). In addition, the committee recommends the requested \$61.2 million to upgrade active-Army Bradleys; and
- **Paladin Howitzers and Field Artillery Ammunition Support Vehicle (FAASV).** Although the Army National Guard (ARNG) represents the majority of the Army's field artillery force, only 16 of 48 ARNG battalions are scheduled to receive upgraded versions of Paladin howitzers and their ammunition support vehicles. To correct this shortfall, the committee recommends \$111 million (the President did not request any funds) for 72 upgraded Paladins and \$81.1 million for 72 FAASVs – enough equipment to upgrade four ARNG artillery battalions.

Unmanned Aerial Vehicles

UAVs have the unique ability to provide “first-hand” reconnaissance of opposition forces without placing American lives at risk, and the value of their ability to dwell for long periods over the battlefield has been proven. Even as they will become a key component of tomorrow’s military force, the committee has been disappointed by the failures and spiraling costs of several of the UAV programs. Thus, the committee recommends the following:

- \$146.5 million (\$30 million more than the President’s request) for attrition aircraft and additional spares. In addition, the committee recommends an additional \$11.5 million to provide Predator assets to support development of the Tactical Control System;
- \$150.6 million (the requested amount) for high-altitude endurance UAVs (EUAVs; Global Hawk and DarkStar). In addition, the committee recommends that the Global Hawk and DarkStar advanced technology concept demonstration production be ended after a total of five prototypes of each so that they can be transferred to Air Force Air Combat Command to accelerate evaluation of their performance to support a decision on line production;
- an additional \$11.5 million to promote Predator assets to support development of the tactical control systems (the President’s budget did not request any funds); and
- \$62 million (\$60 million less than the President’s request) for research and development of Tactical Unmanned Aerial Vehicles (TUAVs).

Innovative Technologies

The committee encourages the military services to pursue innovative concepts and technologies that will ensure American superiority in an uncertain world. It endorses a variety of initiatives to accelerate the pace of technology, doctrine, and organizational development in an effort to better position the U.S. armed forces to face new challenges. These new technologies and concepts are not substitutes for traditional military doctrines and tactics, but instead, are an opportunity to magnify the effectiveness and adaptability of U.S. military forces in the next century.

- **Commandant’s Warfighting Laboratory (CWL).** The committee recommends \$59 million (\$24.8 million more than the President’s request) for the Marine Corps’ advanced technology demonstration, which focuses on developing warfighting concepts for the next century. Both the Marine Corps and the Chairman of the Joint Chiefs of Staff identified the CWL as an unfunded requirement.
- **Cooperative Engagement Capability (CEC).** The committee recommends \$189.2 million (\$50 million more than the President’s request) to accelerate research and development of CEC, a naval

system that integrates sensor data from multiple ships and aircraft into a single, real-time depiction of the battlefield. The committee also recommends an increase of \$114.8 million to restore the Navy's CEC fielding plan, which was zeroed out in the President's request.

- **Next Generation Internet (NGI).** The Defense Advance Research Projects Agency (DARPA), the National Science Foundation (NSF), DOE, the National Institute of Science and Technology (NIST), and NASA have teamed together on a three-year, \$100 million per year program to develop a next-generation internet of high speed networks that are 100 to 1000 times faster than today's internet. For America's military, NGI would permit secure, high performance, global communications and advanced information networks. The committee endorses the NGI initiative and recommends \$55 million (\$15 million more than the President's request) for the demonstration of NGI revolutionary applications in cooperative ventures with regional consortia established for this purpose among federal agencies, local governments, academia, and industry.
- **Army Force XXI.** Based upon the belief that digitization and smart "fire and forget" weapons will improve the lethality, range, and precision of Army firepower, the committee strongly supports the Army Force XXI plans. Accordingly, the committee recommends \$16.1 million (\$5 million more than the President's request) for Force XXI architecture studies, and supports Force XXI development through additional funding of UAVs, Comanche, and a wide range of other development programs.
- **Information Systems Superiority and Security.** The application of information systems and information technology in our military forces and supporting critical defense and national infrastructure will offer greatly increased capabilities, but also creates potentially serious vulnerabilities that could be exploited by an adversary. The vulnerability of the information infrastructure to attack has increased the scope and potential of the information warfare threat. The committee supports a robust information systems security program and recommends \$328.8 million (\$22.8 million more than the President's request) for information security research and development. The committee also recommends \$50 million for a new program to install network intrusion devices, firewalls, and multi-level security assurance guards and associated equipment to ensure the secure operation of the theater Commander-in-Chiefs information links.

Miscellaneous Provisions

Chemical-Biological Defense and Counter-Terrorism Response. The committee supports the actions taken by DOD in coordination with other federal agencies to enhance domestic preparedness and the capability to respond to a terrorist attack, and the actions taken to improve the readiness of U.S. forces to fight under the threat of use of chemical or biological weapons. The President's request included \$321 million for chemical-biological defense research and development and \$49.5 million to improve domestic

emergency response preparedness. The committee recommends increasing the President's request by \$21.5 million to develop further improvements in the capabilities and training of local emergency first responders and U.S. armed forces.

Countermining Technology Development. The committee endorses the increased emphasis that DOD has placed on the countermining program. The committee recommends \$186 million for development of technology to support clearing unexploded ordinance, including an additional \$11 million to ensure a robust program for the development and evaluation of advanced countermining technologies.

REFORM

There is universal agreement that the Pentagon remains inefficient in its organization and its operations, yet there is not yet consensus on how best to address the problem. Fiscal realities demand comprehensive, real, and successful Pentagon reform efforts. In fact, the Administration's newly released QDR is already counting on projected savings from certain Pentagon reforms in order to generate savings to apply towards other budget shortfalls. The committee places a high premium on a defense establishment that is more cost efficient and able to maintain necessary combat capability at lower cost.

The 104th Congress initiated a series of reforms intended to increase overall efficiency within DOD while preserving the military's warfighting effectiveness. Chairman Spence and Ranking Member Ronald V. Dellums (by request) recently introduced legislation to begin forcing sweeping reforms that will change the way DOD is organized and conducts business. The bill, H.R. 1778, The Defense Reform Act of 1997, also reported by the full committee yesterday, undertakes significant organizational, structural, defense business practice, acquisition, and policy reforms. In addition, H.R. 1119, the fiscal year 1998 Defense Authorization Act contains several important reform provisions.

Workforce, Staff, and Organizational Reforms

The Department of Defense is one of the world's largest bureaucracies – one that costs American taxpayers billions of dollars every year to perform administrative functions. Although the 104th Congress made great strides in cutting back DOD's bureaucracy, there is still ample opportunity for meaningful reform. In H.R. 1119 and H.R. 1778, the committee recommends several provisions to continue the downsizing process.

- **Office of the Secretary of Defense (OSD) Reductions (H.R. 1119).** Over the past ten years, OSD has increased staff levels by 40 percent even as active duty endstrength has been reduced by 33 percent. This trend runs directly counter to DOD's declared efforts to attack the imbalance between combat forces and support infrastructure. The 104th Congress attempted to correct the disparity in staffing trends by requiring a phased reduction in OSD's overall size. However, DOD has ignored this legislated requirement, refused to implement the reductions, and failed to provide the requested plan for consolidating and streamlining OSD operations. Therefore, the committee recommends a 20 percent reduction in funding for operations and support activities of OSD and restricts the release of 10 percent of its funding until DOD submits the reports required in the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106) and the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201).
- **Military Department Headquarters' Staff Reductions (H.R. 1778).** According to DOD figures, management headquarters and accompanying support staffs comprise 53,000 personnel spread throughout 160 organizations. Although the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201) directed the Secretary of Defense to review each military department's

military headquarters size, mission, organization, and functions (both uniformed and civilian staff) and to report to Congress on consolidation, streamlining, and downsizing options, the committee has not yet received the report. The committee believes it is critical to begin attacking this problem, so it recommends a reduction of 25 percent (approximately 13,000 personnel) in management headquarters and headquarters support personnel by October 1, 2001, beginning with a 10 percent reduction in fiscal year 1998 and five additional percent in each subsequent fiscal year.

- **Acquisition Workforce Reductions (H.R. 1778).** Today's acquisition workforce exceeds the size of two U.S. Marine Corps. The committee regards the disproportionate size of the acquisition workforce, particularly in light of dramatically reduced procurement accounts, as a drain on current and future defense resources. Therefore, the committee directs DOD to reduce its acquisition workforce by 42 percent by October 1, 2001, a reduction of 124,000 acquisition positions over five years. As a significant down-payment on this planned downsizing, the provision would require a reduction of at least 40,000 acquisition personnel in fiscal year 1998. In order to provide the Secretary of Defense with the management tools necessary to facilitate the reductions and to shape the acquisition workforce as it is reduced, the committee recommends the following personnel incentives:
 - **Early Out Penalty Waiver.** The committee recommends a provision to waive 50 percent of the early retirement ("early out") penalty for defense acquisition personnel who separate from DOD in FY 1998 as a result of the reductions mandated by acquisition workforce reductions.
 - **Buy-Out Authority Extension.** The committee recommends a provision that establishes an additional, one-year buyout authority, separate and apart from existing DOD buyout authority, to provide up to \$25,000 in separation pay incentives to acquisition workforce employees impacted by mandated acquisition workforce reductions. In addition, in reporting H.R. 1119, the committee recommended \$100 million to support this initiative.
- **Sunsetting DOD Advisory Committees (H.R. 1778).** The committee is concerned that many of DOD's 56 advisory committees, which will cost taxpayers over \$16 million in fiscal year 1997, have outlived their original purposes. Therefore, the committee establishes a mechanism to sunset all DOD advisory committees in order to ensure that they receive a fresh look on a regular basis.
- **Terminating the Armed Services Patent Advisory Board (H.R. 1778).** The Armed Services Patent Advisory Board is responsible for coordinating security reviews of patent applications to determine if they contain sensitive technical information that cannot be publicly released for national security

reasons. However, the Defense Technology Security Administration (DTSA) performs essentially the same security review function during their review of export license applications. The committee therefore recommends the termination of the Patent Advisory Board and the transfer of its functions to DTSA.

- **Commission on Defense Reorganization and Streamlining (H.R. 1778).** Although DOD possesses the needed authority to reorganize and restructure itself, it has yet to pursue the necessary reforms. In an effort to provide Congress with options for reforming DOD, the committee recommends the establishment of an independent nine-member commission to examine the missions, functions, and responsibilities of DOD's components. The commission will propose alternative DOD organizational structures, options for streamlining and reducing and eliminating redundancies within DOD, and make recommendations for restructuring and improving DOD's acquisition system. Commission members will be appointed by the chairmen and ranking minority members of the House National Security Committee and the Senate Armed Services Committee.
- **Limiting the Number of General and Flag Officers Serving Outside their Services (H.R. 1119).** Between 1988 and 1996, several DOD studies validated the need for approximately 16 percent of all general and flag officers to be assigned to joint headquarters and organizations external to their own services. Nevertheless, DOD has consistently assigned over 25 percent of its general and flag officers to such positions. The committee believes that the number of general and flag officers on active duty in external positions must be tightly controlled and directly tied to the number of general and flag positions available to fill both internal and external requirements. Accordingly, the committee proposes to limit the number of general and flag officers serving in external positions to no more than 24.5 percent of the total number of such officers authorized by Congress.

Reforming DOD Business Practices

According to GAO, over 45 percent of all active duty military personnel are assigned to infrastructure functions. According to the Defense Science Board, only 20 percent of active duty military personnel are in combat assignments. Such statistics confirm that the warfighting "tooth" of the military services is being sacrificed to protect the infrastructure "tail." This cannot be tolerated at a time when combat forces continue to be reduced to address budgetary shortfalls.

Over the years, Congress has mandated numerous studies and pilot programs in an effort to determine the benefits of shifting responsibility for providing certain support services from the public sector to the private. Given DOD's critical national security mission, there will always be important support functions that must remain, in part or in whole, within the public sector. However, that reality should not stand in the way of moving aggressively to achieve greater efficiencies in non-critical support functions such as printing, payroll, and travel, just to cite a few. In approving H.R. 1778 and H.R. 1119, the committee recommended several provisions that would initiate a sweeping reform of the Pentagon's business practices.

- **Expansion of Simplified Acquisition Procedures (H.R. 1778).** Under current law, DOD may purchase commercial items with values up to \$100,000 using simplified acquisition procedures. The committee recommends increasing the ceiling to \$5 million to significantly reduce DOD's administrative requirements for many basic purchases.
- **Government Purchase Cards (H.R. 1778).** The committee recommends a provision that would require all DOD purchases for items costing less than \$2,500 be implemented through the use of government purchase cards instead of formal contracts. The provision would allow the use of contracts under certain circumstances with the specific approval of a senior official.
- **Competition for Finance And Accounting Services (H.R. 1778).** DOD currently relies upon the Defense Finance and Accounting Service (DFAS) for finance and accounting services. However, the committee believes that other government or private sector sources may be able to provide many of these services more economically and recommends a provision that would require the Secretary of Defense to compete the finance and accounting services currently provided by DFAS.
- **Competition for Defense Information System Agency (DISA) Activities (H.R. 1778).** DISA provides DOD with a variety of computer and telecommunications services that are widely available in the commercial sector, including software development and computer network management. The committee recommends a provision that would require the Secretary of Defense to compete DISA's unclassified, non-inherently governmental commercial activities.
- **Competition for Defense Automation and Printing Service (DAPS) Activities (H.R. 1778).** DAPS manages all of DOD's printing and duplication needs. The committee recommends a provision that would direct DAPS to outsource at least 70 percent of its printing and duplication work. The provision would also eliminate the current surcharge levied by DAPS for handling printing orders that are forwarded to GPO or private contractors for completion.
- **Ophthalmic Services Contract (H.R. 1778).** Based upon recommendations from the U.S. Army Audit Agency and the Naval Audit Service, the committee recommends a provision that would require the Secretary of Defense to compete ophthalmic services related to providing military members with single-vision and multi-vision eyewear, except those services needed to meet readiness requirements or those that can be accomplished more cost-effectively by the Department. A competitive arrangement will ensure that servicemembers' eyewear needs are filled at a significantly lower cost to the government.
- **DOD Inventory Control Points (ICPs) (H.R. 1778).** The committee is concerned that the current costs of overhead within ICPs, DOD's wholesale agent, are significantly greater than the private sector, even after taking into account DOD-unique requirements. Accordingly, the committee

recommends a provision that would require DOD ICPs to reduce their overhead costs to no more than eight percent of net sales by the end of fiscal year 2000.

- **Procurement and Electronic Commerce Technical Assistance Program (H.R. 1778).** The Electronic Commerce Resource Centers and Procurement Technical Assistance Centers both assist small businesses in improving their access to defense acquisition opportunities. The committee recommends a provision that would merge the two programs, thereby improving the delivery of services while lowering costs and ensuring that the program remains consistent with ongoing changes in the defense acquisition process.
- **Utility Conveyance (H.R. 1778).** The committee recommends a provision that would authorize the secretary of a military department to convey base utility systems to municipal, private, regional, district, or cooperative utility companies or other entities to operate and maintain on behalf of the military department if it is financially sound to do so.
- **Contractor Guarantees (H.R. 1778).** The committee recommends repeal of the current law provision that requires DOD to obtain contractor guarantees as part of all major weapons systems contracts. GAO estimates such guarantees cost DOD \$271 million annually without providing any significant benefit in return.
- **Plan for Contracting our Firefighting and Security Services (H.R. 1119).** According to GAO, the Defense Science Board, and DOD, the current law restricting privatization of DOD firefighter and security guard functions impedes DOD's ability to provide cost effective services. Although the committee is pleased that DOD seeks to improve these services, it is concerned that modifying or repealing this law is not prudent without a clear definition of which firefighting and security guard functions are essential to providing a safe and secure environment for servicemembers. Accordingly, the committee directs the Secretary of Defense to provide a report to Congress by December 31, 1997, describing which functions are essential to the strategic mission of DOD and proposing a plan for outsourcing firefighting and security guard functions.
- **Surplus Disposal Reform (H.R. 1119).** An April 1997 report by the DOD Inspector General indicates that over 50 percent of DOD inventory items may be improperly coded when acquired by DOD. Such improper coding can result in the sale of sensitive military hardware that require demilitarized or in a loss of revenue if items are destroyed instead of sold. Accordingly, the committee directs the Secretary of Defense to report to Congress by December 31, 1997, on plans to eliminate disposal problems.
- **Transferring Exchange, Commissary, and MWR Programs to the DOD Comptroller (H.R. 1119).** The committee has been disappointed by the poor financial performance of some exchanges, the Defense Commissary System, and certain MWR programs in recent years. Given the importance of these programs to the quality of life of American servicemembers, the military can ill afford to

lose the benefits of these programs due to poor financial performance. As such, the committee recommends a provision that would transfer responsibility for the exchange, commissary, and MWR programs from the Under Secretary of Defense for Personnel and Readiness to the Under Secretary of Defense (Comptroller), who is better equipped to deal with the financial difficulties that afflict these activities.

- **Contract Advisory and Assistance Services (CAAS) (H.R. 1119).** The committee is concerned by DOD's increasing use of AAS, which contracts experts and consultants to conduct studies and evaluations, and to provide various management support and technical services. The fiscal year 1998 budget request is particularly worrisome, as it included \$2.9 billion for CAAS, a 248 percent increase since 1992 and a significant increase over current spending. Accordingly, the committee recommends a reduction of \$498.4 million from CAAS accounts and directs the Secretary of Defense to justify CAAS expenditures in future budget requests.
- **Reforming DOE Budget Practices (H.R. 1119).** Over the past several years, DOE has not expended all of the funds that it has been appropriated, allowing it to accumulate significant sums in a carryover balance account. The committee notes that this accounting practice is not the norm for most other government agencies, including DOD. Accordingly, the committee recommends a provision that would require DOE to return unexpended appropriations to the Treasury at the end of each fiscal year. This will ensure greater financial accountability in future years.
- **Repealing Enhanced Severance Payments for DOE Contractors (H.R. 1119).** At the end of the Cold War, the government established an enhanced severance payment program to help downsize DOE's contractor workforce. Over the past three years, this program has cost DOE over \$750 million. Now that the workforce is reasonably stable, and future reductions will not be due to government downsizing efforts, the committee recommends the phase-out of this program over the next two years.

Environmental Reforms

Environmental clean-up costs account for approximately \$12 billion per year in defense spending, yet cleanups are not occurring in a timely fashion or on a cost-effective basis, due in large part to redundant federal and state regulations and laws. H.R. 1778 would amend Superfund and other environmental laws to achieve a more common-sense approach to the cleanup of defense sites that would allow America's defense resources to cleanup more of the areas that really need cleaning.

- **Consideration of Future Land Use (H.R. 1778).** Under current law, the selection of a cleanup remedy for a given Superfund site does not adequately take into account the site's future use. For example, under current law, a site that will be used as a landfill after cleanup often receives the same level of treatment as a site that will be used for a child-care center. Such "blanket" treatments are often

overkill that does not necessarily provide a tangible environmental benefit. Accordingly, the committee recommends a provision that would require EPA to consider the likely future use of a contaminated site in choosing a cleanup remedy.

- **EPA's Role in Environmental Cleanup (H.R. 1778).** Current law allows states to enter into interagency agreements that afford states total control of the cleanup of contaminated federal facilities and of federal funds used for the cleanup activities. This provision would reassert the role of EPA in the approval and delegation of federal cleanup authority to states.
- **Cleanup Methods (H.R. 1778).** Current environmental law encourages the permanent treatment of a contaminated site, regardless of the different levels or types of contamination there. While many such sites contain "hot spots" that merit immediate and comprehensive cleanup, they may also contain many areas that have little or no contamination. Therefore, the provision would allow smarter and more effective cleanup solutions at contaminated sites while continuing to ensure protection of both human health and the environment.
- **DOD Cleanup Standards (H.R. 1778).** Unlike either the private sector or any other federal agency, current law requires a higher standard of cleanup for DOD contaminated sites not on the National Priorities List (NPL). This provision would apply the same standard to the cleanup of DOD's non-NPL sites as is currently applied to the private sector and to other federal agencies.
- **Clean Air Act Standards (H.R. 1778).** In recognition of DOD's unique mission, current law permits DOD exemptions from the Clean Air Act in consideration of military requirements such as live fire exercises or off-road training. Based on the Administration's proposal to implement more stringent Clean Air Act standards, this provision would ensure the preservation of these existing exemptions related to military necessity in the future.
- **Performance-Based Contracts (H.R. 1119).** The committee remains interested in the use of performance-based contracts to reduce the costs of environmental cleanup. Such contracts evaluate contractor performance against milestones on the road to environmental cleanup, encouraging the contractor to use smart business practices to save money. Unfortunately, there is no commonly accepted definition of a performance-based contract, and there is no readily available data concerning the effectiveness of performance-based contracts in environmental cleanups. Therefore, the committee directs the Secretary of Defense to report to Congress by December 31, 1997, on the definition of performance-based contracts, the effectiveness of existing performance-based environmental cleanup contracts in cutting costs and performing various cleanup tasks, and the effectiveness of joint DOD-EPA efforts to eliminate regulatory barriers to the use of such contracts in environmental cleanup. This report will provide Congress with another tool with which to evaluate the potential of performance-based contracts for saving defense funding.

Other Cost Saving Initiatives

Defense Airborne Reconnaissance Organization (DARO). The DARO was originally established to provide centralized oversight of the airborne reconnaissance programs of each of the services. Over the years, however, DARO has developed into DOD's airborne reconnaissance program manager, effectively wresting control over all airborne reconnaissance programs from the individual services. Based on the committee's increasing concern over the DARO's inability to successfully field a UAV program, the committee concluded that the DOD net structure for airborne reconnaissance programs required a different approach. Accordingly, the committee recommends that the oversight function for reconnaissance programs be moved to the Director of Military Intelligence, and that the individual services be handed back the responsibility to execute defense airborne reconnaissance acquisition programs.

DOD Auxiliary Fleet Requirements (H.R. 1778). The fleet of Military Sealift Command (MSC) auxiliary ships and the Army and Air Force's prepositioned ammunition container ships are rapidly wearing out, creating a need for the Secretary of Defense to rapidly replace them. The committee recommends a provision to allow the long-term charter of ships built in the United States to meet DOD auxiliary fleet requirements, permitting the Secretary of Defense to rapidly acquire the necessary fleet of ships.

Fiber-Optics-Based Network Telecommunication Service (H.R. 1778). The communications market has significantly changed over the last decade, driven by proven technologies such as fiber-optics and semiconductors. These changes have significantly reduced the cost of telecommunication services while providing greater flexibility and security. The committee is concerned that DOD is not looking aggressively enough at new telecommunications technologies to take advantage of cost-effective technologies and a deregulated market. Accordingly, the committee requires the Secretary of Defense to compete, among regulated and unregulated companies, the installation of a dedicated fiber-optics based telecommunication network on a test basis, at a minimum of one high military density locale.

Reimbursement of Academies for Foreign Students (H.R. 1119). Current law authorizes up to 40 international students to attend full-time each of the respective service academies and requires the foreign country sponsoring a student to reimburse the U.S. government for the cost of the education, as well as any pay and/or allowances provided to the student by the U.S government. Current law also allows the Secretary of Defense to waive the reimbursement, in whole or in part. The committee recently learned that of 115 international students (representing 39 countries) enrolled in 1997, the Secretary of Defense has waived the full cost of attendance for 106 students. This extravagant use of waivers costs DOD \$7.2 million annually. Therefore, the committee directs the Secretary of Defense to re-negotiate the current agreements with the nations who have students at the service academies. The committee also recommends that the

Secretary of Defense's waiver authority be constrained to no more than 25 percent of the per-person cost of attendance by an international student. However, in exceptional cases, the Secretary of Defense would be permitted to waive more than the 25 percent of the cost for up to five international students at each of the service academies.

White House Communications Agency (WHCA) (H.R. 1119). WHCA, a DOD agency, was established to provide secure telecommunications support for the President, Vice President, and other elements of the White House. In light of reports that the duties of military personnel assigned to WHCA have been vastly expanded to include services other than telecommunications, the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201) required the Secretary of Defense to ensure that, starting in fiscal year 1998, the White House reimburses DOD for any non-telecommunications support services provided by WHCA. Although this was a good first step, the committee continues to believe that military personnel assigned to WHCA should not be used for non-telecommunications support services. Accordingly, the committee recommends that WHCA operation and maintenance be limited to \$55 million, an amount equivalent to WHCA's spending in fiscal year 1997 minus expenses for non-telecommunications support services. In addition, the committee directs the Secretary of Defense to report to Congress by December 31, 1997, on the services and functions of WHCA that must be conducted by military personnel for national security reasons, as well as a plan to use civilian personnel to provide any WHCA services and functions that do not need to be performed by members of the armed services.

OTHER INITIATIVES

Decorations and Awards.

- **Operation Joint Endeavor and Joint Guard.** The committee recommends a provision that would require the Secretary of Defense to award the Armed Forces Expeditionary Medal to servicemembers who served in Operation Joint Endeavor or Operation Joint Guard.
- **New Decorations for Service.** The committee recommends a provision that would require the Secretary of Defense, the service secretaries, and the Secretary of the Treasury to coordinate and submit a proposal to Congress by July 31, 1998, to establish two new military decorations. One new decoration would recognize servicemembers who are killed or wounded under non-combat conditions, and the other would recognize U.S. civilian nationals who are killed or wounded while serving in an official capacity with the United States armed forces.

U.S. Troops in Bosnia. To date, United States involvement in the Bosnian peacekeeping mission has cost American taxpayers more than \$6 billion. The committee is concerned with the Administration's stated reasons for extending the U.S. military's presence in Bosnia, and questions whether the Administration will honor its promise to withdraw in June 1998. Continuing its oversight of the U.S. presence in Bosnia, the committee requires the following two reports:

- **Bosnian Environment.** The committee is concerned that the Administration's fiscal year 1998 estimate for military operations in Bosnia is based on overly optimistic assumptions about the political situation in the region. Therefore, the committee recommends a provision that would prohibit the expenditure of more than 60 percent of funds authorized to be appropriated for the operations of U.S. ground forces in Bosnia until the Secretary of Defense reports to Congress on the future of the U.S. Bosnian mission and the political and military environment in the region. The report is to be submitted no later than December 31, 1997; and
- **U.S. Troop Activities.** U.S. forces have completed the military tasks required by the Dayton Accord, and as part of the SFOR mission are to next assist in the civilian rebuilding of Bosnia. This raises questions about the types of activities U.S. troops will be conducting in the future, and whether such tasks will represent an appropriate use of U.S. military manpower, especially when operational tempo is at such high peacetime levels. Accordingly, the committee directs the Secretary of Defense to report to Congress by December, 1997, and again by March 1, 1998, on activities carried out by U.S. forces that would be more appropriately conducted by civilian organizations. The reports

must also identify the number of U.S. military personnel involved in the activity, and whether non-U.S. forces participated.

Cooperative Threat Reduction (CTR). The committee maintains its historically strong support for the core purpose of CTR—the accelerated dismantlement of former Soviet strategic offensive arms that threaten the United States. Therefore, the committee recommends a total of \$284.7 million for CTR activities in fiscal year 1998, a reduction of \$97.5 million from the President’s request. Specific recommendations include approval of:

- \$77.9 million (approving the President’s request) for strategic offensive arms elimination in Russia;
- \$76.7 million (approving the President’s request) for strategic nuclear arms elimination in the Ukraine;
- \$14.4 million (\$41 million less than the President’s request) for chemical weapons destruction in Russia; and
- \$57.7 million (approving the President’s request) to design a fissile material storage facility in Russia.

In line with the committee’s belief that CTR funds are most effectively used to support the original purposes of the CTR program, the committee recommends a provision to prohibit the use of CTR funding for peacekeeping-related activities in Russia, or for housing, environmental restoration, or job retraining.

Counterdrug Activities. The committee recognizes that the U.S. military is able to make a unique contribution to U.S. counterdrug activities. Accordingly, the committee recommends \$661.7 million (\$9.1 more than the President’s request) for military counterdrug activities.

Center for the Study of Chinese Military Affairs. The importance of the regional and global relationship between the United States and the People’s Republic of China will grow in the years ahead. Unfortunately, the U.S. government’s current ability to develop sound security and military strategies is hampered by a limited understanding of Chinese strategic goals and military capabilities. To narrow this “understanding gap”, the committee recommends that the Center for the Study of Chinese Military Affairs be established at the National Defense University by March 1, 1998, and authorizes \$5 million for first year expenses of the Center.

Restoration of Missing Persons Authorities. The National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201) repealed several provisions of law that provided due process for the families of missing servicemembers seeking information about their loved ones’ fates and that encouraged prompt investigations into missing personnel. The committee recommends restoration of all such provisions stricken by the fiscal year 1997 Defense authorization bill.

Display of the POW/MIA Flag. Out of respect for the thousands of Americans who remain missing in action or unaccounted for, the committee recommends a provision to expand the dates and locations at which the POW/MIA flag must be flown. These provisions honor the POWs and MIAs who have been lost in all U.S. conflicts (not just in Vietnam) and signify the nation's commitment to fully account for any American who was lost or may be lost in the future.

Department of Energy (DOE) Funding Levels. DOE maintains several programs critical to our nation's defense, including R&D programs in support of the armed forces, the production and protection of nuclear materials, and management of radioactive defense waste and environmental restoration. The committee recommends \$11 billion (\$2.6 billion less than the President's request) for the following programs:

- **Privatization Initiative.** The committee defers action on the President's \$1 billion environmental management privatization initiative until next fiscal year when DOE will be in a better position to document cost savings and to define the total cost and scope of the project;
- **DOE Construction Funding Practices.** Currently, new construction projects for DOE are funded incrementally. This year, the President requested full funding of all new construction projects as well as "catch up" funding for projects authorized in previous years. This change in policy has added \$1.5 billion to DOE's request as compared to last year. For management and policy reasons, the committee rejects this policy change and recommends \$629 million to continue the traditional practice of funding construction projects on an incremental basis;
- **Core-Weapons Programs.** The committee recommends the requested \$4 billion for DOE's weapons program. Within this account, the committee recommends increasing O&M funding for stockpile management by \$85 million to fix manufacturing and infrastructure problems at the Pantex (Texas), Kansas City (Missouri), and Y-12 (Tennessee) production plants. In addition, in light of a recently completed management study of the DOE weapons complex, the committee recommends reductions in federal and support service contractor employment levels, and salary and travel accounts for DOE weapons programs;
- **Environmental Management Programs.** The committee recommends \$5.3 billion (matching the President's request excluding the privatization initiative) for DOE's environmental cleanup and management programs. Within these accounts, the committee recommends the transfer of funding from the environmental restoration account to the Closure Fund to ensure that the Rock Flats site near Denver and the Fernald site in Ohio are closed within the next ten years. Closing these two sites will save the program over \$800 million per year in mortgage and other related costs. The committee has provided an additional \$41.0 million for the operation of the F and H canyons at the Savannah River Site, SC. The committee also set aside \$70.0 million to continue the tank waste vitrification project at Hanford, Washington. The committee also recommends reductions in federal and support service contractor employment levels;

- **Office of Naval Reactors.** The committee recommends \$658.4 million (\$43 million more than the President's request) for the Office of Naval Reactors; and
- **Nonproliferation and Arms Control.** The committee recommends \$586.7 million (\$81.6 million less than the President's request) for nonproliferation and arms control programs. This reduction reflects the committee's decision not to fund the "Initiatives for Proliferation Prevention" program, an industrial partnership program that has yet to demonstrate its value to preventing weapons proliferation as well as the committee's decision to reduce federal employment and contractor service support levels.

Department of Defense (DOD) Environmental Funding Levels. The committee recommends \$4.8 billion for DOD environmental programs, the same as the Administration request.

Revising DOD Depot Policy. The committee recommends a provision that would prohibit DOD or the military services from entering into any contract for depot-level work at any depot facility that was identified for closure in the 1995 round of Defense Base Closure and Realignment Act (BRAC) closings, unless:

- the appropriate secretary certifies that all other maintenance and repair facilities of that service are at 80 percent capacity and that the total cost of the proposed contract would be less than if the work were done at DOD owned and operated facilities;
- all data used to determine the total costs are available for examination; and
- all proposed work would have been considered non-core work under DOD guidelines established before July 1, 1995.

Study of Military Criminal Investigative Organizations. The committee recommends a provision requiring an independent review of military criminal investigative organizations and their ability to effectively investigate allegations of criminal sexual misconduct in the armed services. The review will evaluate agent training, the screening and recruitment of investigators, policies for ensuring properly conducted subject and witness interviews, and the accuracy and timeliness of reporting sex crimes to the National Crime Information Center maintained by the Department of Justice.

Actions on Major Programs in the Fiscal Year 1998 Defense Authorization Act

(dollars in millions)

Major Army Programs

	<i>FY 1998 Budget Request</i>			<i>H.R. 1119</i>		
	<i>R & D</i>	<i>Quantity</i>	<i>Procurement</i>	<i>R & D</i>	<i>Quantity</i>	<i>Procurement</i>
Apache Longbow*	n/a	44	\$511.8	n/a	44	\$540.3
M1A2 Abrams*	\$33.3	120	\$594.9	\$33.3	120	\$594.9
Bradley ODS	\$75.3	0	\$34.6	\$75.3	120	\$120.0
Paladin/FAASV	n/a	0/0	\$0.0	n/a	72/72	\$111/\$81.1
OH-58D Kiowa Warrior	n/a	0	\$0.0	n/a	21	\$175.0
RAH-66 Comanche	\$282.0	n/a	n/a	\$322.0	n/a	n/a
Crusader	\$322.3	n/a	n/a	\$322.3	n/a	n/a
HMMVWs	\$10.0	774	\$66.2	\$10.0	1,134	\$104.9
UH-60 Blackhawk*	n/a	18	\$208.2	n/a	30	\$304.2

Major Navy and Marine Corps Programs

	<i>FY 1998 Budget Request</i>			<i>H.R. 1119</i>		
	<i>R & D</i>	<i>Quantity</i>	<i>Procurement</i>	<i>R & D</i>	<i>Quantity</i>	<i>Procurement</i>
V-22 Osprey*	\$529.5	5	\$541.7	\$529.5	7	\$731.0
AAAV	\$60.1	n/a	n/a	\$70.1	n/a	n/a
Joint Strike Fighter	\$448.9	n/a	n/a	\$468.9	n/a	n/a
F/A-18E/F	\$267.5	20	\$2,101.1	\$153.3	**	\$1,348.9
E-2C Hawkeye*	\$64.9	3	\$256.0	\$64.9	4	\$324.0
Arsenal Ship	\$150.2	n/a	n/a	\$0.0	n/a	n/a
New Attack Sub	\$311.1	1	\$2,599.8	\$328.1	1	\$2,599.8
CVN-77	\$17.9	n/a	n/a	\$34.9	n/a	n/a
CV(X)	\$90.2	n/a	n/a	\$1.8	n/a	n/a
LPD-17	\$0.5	0	\$0.0	\$0.5	0	\$185.0

Major Air Force Programs

	<i>FY 1998 Budget Request</i>			<i>H.R. 1119</i>		
	<i>R & D</i>	<i>Quantity</i>	<i>Procurement</i>	<i>R & D</i>	<i>Quantity</i>	<i>Procurement</i>
F-22	\$2,071.2	n/a	\$80.9	\$2,071.2	n/a	\$80.9
B-2 Spirit*	\$355.8	0	\$174.1	\$355.8	0	\$505.3
F-15E Strike Eagle	\$137.5	3	\$170.0	\$137.5	3	\$170.0
F-16C/D Fighting Falcon	\$100.2	0	\$0.0	\$100.2	3	\$66.0
Airborne Laser (ABL)	\$157.1	n/a	n/a	\$157.1	n/a	n/a
SBIRS	\$338.4	n/a	n/a	\$338.4	n/a	n/a
Joint Strike Fighter	\$458.1	n/a	n/a	\$431.1	n/a	n/a
JPATS	\$63.4	18	\$65.4	\$63.4	22	\$77.6

Major Defense-wide Programs

	<i>FY 1998 Budget Request</i>			<i>H.R. 1119</i>		
	<i>R & D</i>	<i>Quantity</i>	<i>Procurement</i>	<i>R & D</i>	<i>Quantity</i>	<i>Procurement</i>
Ammunition (all services)	n/a	n/a	\$793.2	n/a	n/a	\$1,134.1
Ballistic Missile Defense	\$2,589.1	n/a	n/a	\$3,782.2	n/a	n/a
THAAD	\$556.1	n/a	n/a	\$601.1	n/a	n/a
Navy Theater Wide	\$194.9	n/a	n/a	\$344.9	n/a	n/a
Navy Area Defense	\$267.8	n/a	n/a	\$289.8	n/a	n/a
PAC-3	\$206.1	52	\$349.1	\$216.1	52	\$349.1
National Missile Defense	\$504.1	n/a	n/a	\$978.1	n/a	n/a
Nat. Guard and Res. Equipt.	n/a	n/a	\$0.0	n/a	n/a	\$700.4

* Net funding for multi-year procurements

** Unspecified

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